

BUCKLEY COMMUNITY SCHOOL

BUCKLEY, MICHIGAN

JUNE 30, 2007

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

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BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

ANNUAL FINANCIAL REPORT
YEAR ENDED JUNE 30, 2007

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BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

ANNUAL FINANCIAL REPORT
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July 11, 2007

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Buckley Community School
Buckley, Michigan

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Buckley Community School, Buckley, Michigan, as of and for the year ended June 30, 2007, which collectively comprise the Districts' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Buckley Community School's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Buckley Community School, Buckley, Michigan, as of June 30, 2007, and the respective changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 11, 2007, on our consideration of Buckley Community School's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages iii through ix and 23, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Buckley Community School, Buckley, Michigan basic financial statements. The combining and individual fund financial statements and other supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and supplementary information have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.

**Buckley Community School
Buckley, Michigan
Management's Discussion and Analysis
Year Ended June 30, 2007**

Buckley Community School, a K-12 school district located in Grand Traverse and Wexford Counties, Michigan, has implemented the provisions of Governmental Accounting Standards Board Statement 34 (GASB 34). The Management's Discussion and Analysis, a requirement of GASB 34, is intended to be the Buckley Community School administration's discussion and analysis of the financial results for the fiscal year ended June 30, 2007.

Generally accepted accounting principles (GAAP), according to GASB 34, require the reporting of two types of financial statements: fund financial statements and government-wide financial statements.

A. Fund Financial Statements

The fund level statements are reported on a modified accrual basis in that only those assets that are "measurable" and "currently available" are reported. Liabilities are recognized to the extent they are normally expected to be paid with current financial resources.

The fund statements are formatted to comply with the legal requirements of the Michigan Department of Education's "Accounting Manual." In the State of Michigan, school districts' major instructional and instructional support activities are reported in the General Fund. Additional activities are reported in various other funds. These include Special Revenue Funds, and Debt Service Funds.

In the fund financial statements, capital assets purchased are reported as expenditures in the year of acquisition with no asset being reported. The issuance of debt is recorded as a financial resource. The current year's payments of principal and interest on long-term obligations are recorded as expenditures. The obligations for future years' debt service are not recorded in the fund financial statements.

B. Government-Wide Financial Statements

The government-wide financial statements, required by GASB 34, are calculated using full accrual accounting and more closely represent those presented by business and industry. The District's entire assets and liabilities, both short and long-term, are reported. As such, these statements include capital assets, net of related depreciation, as well as the noncurrent debt of the District.

**Buckley Community School
Buckley, Michigan
Management's Discussion and Analysis
Year Ended June 30, 2007**

C. Summary of Net Assets

The following schedule summarizes the net assets at June 30,

Assets	2007	2006
Current Assets	<u>\$ 4,273,166</u>	<u>\$ 1,521,282</u>
Non Current Assets		
Capital Assets	\$ 7,685,803	\$ 6,540,495
Less Accumulated Depreciation	<u>(717,538)</u>	<u>(626,674)</u>
Total Non Current Assets	<u>\$ 6,968,265</u>	<u>\$ 5,913,821</u>
Total Assets	<u><u>\$11,241,431</u></u>	<u><u>\$ 7,435,103</u></u>
Liabilities		
Current Liabilities	\$ 1,830,830	\$ 1,344,450
Non Current Liabilities	<u>4,941,955</u>	<u>1,906,105</u>
Total Liabilities	<u>\$ 6,772,785</u>	<u>\$ 3,250,555</u>
Net Assets		
Invested in Capital Assets Net of Related Debt	\$ 1,832,862	\$ 3,820,455
Restricted for Capital Projects	2,179,180	0
Restricted for Debt Service	125,564	92,837
Unrestricted	<u>331,040</u>	<u>271,256</u>
Total Net Assets	<u>\$ 4,468,646</u>	<u>\$ 4,184,548</u>
Total Liabilities and Net Assets	<u><u>\$11,241,431</u></u>	<u><u>\$ 7,435,103</u></u>

D. Analysis of Financial Position

During the fiscal year ended June 30, 2007, the District's net assets increased by \$284,098. A few of the more significant factors affecting net assets during the year are discussed below:

1. Depreciation Expense

GASB 34 requires school districts to maintain a record of annual depreciation expense and the accumulation of depreciation expense over time. The net increase in accumulated depreciation expense is a reduction in net assets.

Depreciation expense is recorded on a straight-line basis over the estimated useful lives of the assets. In accordance with GAAP, depreciation expense is calculated based on the original cost of the asset less an estimated salvage value, where applicable. For the fiscal year ended June 30, 2007, \$95,586 was recorded for depreciation expense.

**Buckley Community School
Buckley, Michigan
Management's Discussion and Analysis
Year Ended June 30, 2007**

2. Capital Outlay Acquisitions

For the year ended June 30, 2007, \$1,150,030 of expenditures were capitalized and recorded as assets of the District. These additions to the District's capital assets will be depreciated over time as explained above.

The net effect of the new capital assets and the current year's depreciation is an increase in capital assets in the amount of \$1,054,444 for the year ended June 30, 2007.

E. Results of Operations

For the years ended June 30, the results of operations, on a District-wide basis, were:

	2007	% of Total	2006	% of Total
General Revenues				
Property Taxes	\$ 858,137	21.6%	\$ 705,293	19.0%
Investment Earnings - Unrestricted	46,386	1.2%	34,973	0.9%
Investment Earnings - Restricted	135,461	3.4%	0	0.0%
State Sources	2,274,837	57.4%	2,308,873	62.1%
Gain (Loss) on Sale of Fixed Assets	0	0.0%	655	0.0%
Other	11,336	0.3%	85,727	2.3%
Total General Revenues	<u>\$ 3,326,157</u>	<u>83.9%</u>	<u>\$ 3,135,521</u>	<u>84.3%</u>
Program Revenues				
Charges for Services	\$ 44,588	1.1%	\$ 50,400	1.4%
Operating Grants	595,787	15.0%	532,172	14.3%
Total Program Revenues	<u>\$ 640,375</u>	<u>16.1%</u>	<u>\$ 582,572</u>	<u>15.7%</u>
Total Revenues	<u>\$ 3,966,532</u>	<u>100.0%</u>	<u>\$ 3,718,093</u>	<u>100.0%</u>
Expenses				
Instruction	\$ 2,016,335	54.8%	\$ 2,037,968	57.8%
Supporting Services	1,166,548	31.7%	1,125,835	32.0%
Food Service Activities	121,337	3.3%	109,908	3.1%
Athletic Activities	103,759	2.8%	104,996	3.0%
Community Services	3,852	0.1%	402	0.0%
Facilities Acquisition	400	0.0%	0	0.0%
Interest on Long-Term Debt	259,785	7.1%	128,960	3.7%
Other Transactions	9,192	0.2%	12,710	0.4%
Unallocated Depreciation	1,226	0.0%	954	0.0%
Total Expenses	<u>\$ 3,682,434</u>	<u>100.0%</u>	<u>\$ 3,521,733</u>	<u>100.0%</u>
Change in Net Assets	<u>\$ 284,098</u>		<u>\$ 196,360</u>	

**Buckley Community School
Buckley, Michigan
Management's Discussion and Analysis
Year Ended June 30, 2007**

F. Analysis of Significant Revenues and Expenses

Significant revenues and expenditures are discussed in the segments below:

1. Property Taxes

The District levies 18 mills of property taxes for operations on non-homestead properties, less the mandatory reductions required by the Headlee Amendment, Article IX, Section 31. According to Michigan law, the tax levy is based on the taxable valuation of properties. The annual taxable valuation increases are capped at the rate of the prior year's Consumer's Price Index increase or 5%, whichever is less. At the time property is sold, its taxable valuation is readjusted to the State Equalized Value, which in theory is half of the property's market value.

For the 2006-2007 fiscal year, the District levied \$487,447 in non-homestead property taxes. This represented an increase of 13.7% from the prior year. The amount of unpaid property taxes at June 30, 2007, was \$1,456.

The following table summarizes the non-homestead property tax levies for operations for the past five years:

Fiscal Year	Non-Homestead Tax Levy	% Increase (Decrease) from Prior Year
2006-2007	\$ 487,447	13.70%
2005-2006	428,697	9.55%
2004-2005	391,339	19.72%
2003-2004	326,870	3.67%
2002-2003	315,306	8.80%

2. State Sources

The majority of the state sources is comprised of the per student foundation allowance. The State of Michigan funds districts based on a blended student enrollment. The blended enrollment consists of 75% of the current year's fall count and 25% of the prior year's spring count. For the 2006-2007 fiscal year, the District received \$7,085 per student FTE.

**Buckley Community School
Buckley, Michigan
Management's Discussion and Analysis
Year Ended June 30, 2007**

3. Student Enrollment

The following schedule summarizes the blended student enrollment for the past five years:

Fiscal Year	Blended Student FTE	FTE Change from Prior Year
2006-2007	398	(11)
2005-2006	409	(15)
2004-2005	424	15
2003-2004	409	(7)
2002-2003	416	0

4. Operating Grants

The District funds a significant portion of its operations with categorical sources. For the year ended June 30, 2007, federal, state, and other grants accounted for \$595,787. This represents an increase of \$63,615 from the total grant sources received for the 2005-2006 fiscal year.

5. Comparative Expenditures

A comparison of the expenditures reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances is shown below:

A comparison of expenditures by fund follows:

Expenditures	2006-2007 Fiscal Year	2005-2006 Fiscal Year	Increase (Decrease)
General Fund	\$ 3,181,620	\$ 3,200,532	\$ (18,912)
2006 Capital Projects Fund	1,194,759	0	1,194,759
Food Service Fund	120,628	109,434	11,194
Athletic Activities Fund	93,237	94,473	(1,236)
Debt Service Funds	360,483	446,833	(86,350)
Total Expenditures	\$ 4,950,727	\$ 3,851,272	\$ 1,099,455

G. General Fund Budgetary Highlights

The Uniform Accounting and Budgeting Act of the State of Michigan requires that the local Board of Education approve the original budget for the upcoming fiscal year prior to its starting on July 1. Any amendments made to the operating budget must be approved by the Board prior to the close of the fiscal year on June 30.

**Buckley Community School
Buckley, Michigan
Management's Discussion and Analysis
Year Ended June 30, 2007**

For the 2006-2007 fiscal year, the District amended the General Fund budget once, with the Board adopting the changes in June 2007. The following schedule shows a comparison of the original General Fund budget, the final amended General Fund budget, and actual totals from operations:

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET OVER (UNDER)
Total Revenues	\$ 3,273,920	\$ 3,312,140	\$ 3,322,995	\$ 10,855
<u>EXPENDITURES</u>				
Instruction	\$ 2,022,470	\$ 2,012,202	\$ 2,001,125	(11,077)
Supporting Services	1,064,121	1,080,362	1,050,442	(29,920)
Central Services	36,293	47,271	43,999	(3,272)
Community Services	402	3,855	3,852	(3)
Debt Service	70,700	57,300	73,010	15,710
Other Transactions	10,600	11,780	9,192	(2,588)
Total Expenditures	\$ 3,204,586	\$ 3,212,770	\$ 3,181,620	\$ (31,150)

The original revenue budget of \$3,204,586 was increased to \$3,322,995 primarily as a result of increased property tax revenue.

H. Capital Asset and Debt Administration

1. Capital Assets

By the end of the 2006-2007 fiscal year, the District had invested \$7,685,803 in a broad range of capital assets, including school buildings and facilities, school buses and other vehicles, and various types of equipment. This represents a net increase of \$1,145,308 from the prior fiscal year. Depreciation expense for the year amounted to \$95,586 bringing the accumulation to \$717,538 as of June 30, 2007.

2. Long-Term Debt

At June 30, 2007, the District had \$5,317,686 in long-term debt outstanding. This represents an increase of \$3,106,580 from the amount outstanding at the close of the prior fiscal year. \$3,320,000 of new debt was incurred during the 2006-2007 fiscal year.

I. Factors Bearing on the District's Future

At the time that these financial statements were prepared and audited, the District was aware of the following items that could significantly affect its financial health in the future:

**Buckley Community School
Buckley, Michigan
Management's Discussion and Analysis
Year Ended June 30, 2007**

- With the current economic condition in the country, and especially in the State of Michigan, uncertainty surrounds the level at which districts will be funded for the student foundation allowance for the 2007-2008 fiscal year. The early indication is that the foundation allowance will be held flat with continued pro-ration of the discretionary payment. This will pose a challenge to the District to maintain structural balance while continuing with its educational programming.
- As with other employers, the District continues to face a rapid increase in rates paid for employee benefits, particularly for health insurance. The District has been experiencing double-digit increases. The contract for 2006-2007 has been settled with the insurance changing to MESSA Choices 2 which is less expensive by 10.4%, but health insurance premiums will continue to increase.
- Additionally, the State decreased the retirement rate to 16.72% during 2007-2008.
- The \$92,000 Community Learning Center Grant will be ending after 2007-2008.
- The consolidated federal grants continue to trend downward at a rate of about 15% per year.

Contacting the District's Financial Management

- This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, please contact the Business Manager, Buckley Community School, 305 S. First Street, Buckley, Michigan 49620.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

STATEMENT OF NET ASSETS

JUNE 30, 2007

	<u>GOVERNMENTAL ACTIVITIES</u>
<u>ASSETS</u>	
<u>CURRENT ASSETS</u>	
Cash	\$ 459,537
Taxes Receivable	1,456
Accounts Receivable	152
Due from Other Governments	435,609
Accrued Interest Receivable	94,858
Inventories	4,124
Prepaid Expenditures	27,004
Investments	3,250,426
Total Current Assets	<u>\$ 4,273,166</u>
<u>NONCURRENT ASSETS</u>	
Capital Assets	\$ 6,979,774
Construction in Progress	706,029
Less Accumulated Depreciation	(717,538)
Total Noncurrent Assets	<u>\$ 6,968,265</u>
TOTAL ASSETS	<u><u>\$ 11,241,431</u></u>
<u>LIABILITIES AND NET ASSETS</u>	
<u>LIABILITIES</u>	
<u>CURRENT LIABILITIES</u>	
Accounts Payable	\$ 324,665
Construction Contract Retainage	47,358
State Aid Anticipation Note	900,000
Accrued Expenses	115,354
Accrued Interest Payable	36,459
Salaries Payable	194,036
Current Portion of Noncurrent Liabilities	212,958
Total Current Liabilities	<u>\$ 1,830,830</u>
<u>NONCURRENT LIABILITIES</u>	
Bonds Payable (Net of Unamortized Issuance Costs)	\$ 5,129,620
Equipment Contracts Payable	5,783
Compensated Absences	19,510
Less Current Portion of Non Current Liabilities	(212,958)
Total Non Current Liabilities	<u>\$ 4,941,955</u>
Total Liabilities	<u>\$ 6,772,785</u>
<u>NET ASSETS</u>	
Invested in Capital Assets Net of Related Debt	\$ 1,832,862
Restricted for Capital Projects	2,179,180
Restricted for Debt Service	125,564
Unrestricted	331,040
Total Net Assets	<u>\$ 4,468,646</u>
TOTAL LIABILITIES AND NET ASSETS	<u><u>\$ 11,241,431</u></u>

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL

BUCKLEY, MICHIGAN

STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

				GOVERNMENTAL ACTIVITIES
				NET (EXPENSE) REVENUE AND CHANGES IN NET ASSETS
FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		
		CHARGES FOR SERVICES	OPERATING GRANTS	
<u>GOVERNMENTAL ACTIVITIES</u>				
Instruction				
Basic Programs	\$ 1,700,046	\$ 20	\$ 133,118	\$ (1,566,908)
Added Needs	316,289	0	342,011	25,722
Supporting Services				
Pupil	71,888	0	24,770	(47,118)
Instructional Staff	46,760	0	0	(46,760)
General Administration	152,198	0	0	(152,198)
School Administration	175,622	0	0	(175,622)
Business	103,345	0	0	(103,345)
Operation and Maintenance of Plant	368,121	2,465	553	(365,103)
Pupil Transportation Services	193,421	0	2,831	(190,590)
Central Services	55,193	0	0	(55,193)
Food Service Activities	121,337	32,791	86,852	(1,694)
Athletic Activities	103,759	9,312	1,800	(92,647)
Community Services	3,852	0	3,852	0
Facilities Acquisition	400	0	0	(400)
Interest on Long Term Debt	259,785	0	0	(259,785)
Other Transactions	9,192	0	0	(9,192)
Unallocated Depreciation	1,226	0	0	(1,226)
Total Governmental Activities	<u>\$ 3,682,434</u>	<u>\$ 44,588</u>	<u>\$ 595,787</u>	<u>\$ (3,042,059)</u>
<u>GENERAL REVENUES</u>				
Property Taxes -General Purposes				\$ 487,341
Property Taxes -Debt Service				370,796
Investment Earnings -Unrestricted				46,386
Investment Earnings -Restricted				135,461
State Sources				2,274,837
Other				11,336
Total General Revenues				<u>\$ 3,326,157</u>
Change in Net Assets				\$ 284,098
<u>NET ASSETS</u> - Beginning of Year				<u>4,184,548</u>
<u>NET ASSETS</u> - End of Year				\$ 4,468,646

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2007

	GENERAL FUND	2006 CAPITAL PROJECTS FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>ASSETS</u>				
Cash	\$ 164,445	\$ 126,744	\$ 168,348	\$ 459,537
Taxes Receivable	1,136	0	320	1,456
Accounts Receivable	152	0	0	152
Due from Other Funds	576	7,500	11,535	19,611
Due from Other Governments	434,416	0	1,193	435,609
Accrued Interest Receivable	0	94,858	0	94,858
Inventory	2,000	0	2,124	4,124
Prepaid Expenditures	27,004	0	0	27,004
Investments	933,300	2,317,126	0	3,250,426
TOTAL ASSETS	\$ 1,563,029	\$ 2,546,228	\$ 183,520	\$ 4,292,777
<u>LIABILITIES AND FUND BALANCES</u>				
<u>LIABILITIES</u>				
Accounts Payable	\$ 4,975	\$ 319,690	\$ 0	\$ 324,665
Construction Contract Retainage	0	47,358	0	47,358
State Aid Anticipation Note Payable	900,000	0	0	900,000
Accrued Expenses	115,354	0	0	115,354
Salaries Payable	191,491	0	2,545	194,036
Due to Other Funds	19,035	0	576	19,611
Deferred Revenue	1,136	0	320	1,456
Total Liabilities	\$ 1,231,991	\$ 367,048	\$ 3,441	\$ 1,602,480
<u>FUND BALANCES</u>				
Reserved for Inventory	\$ 2,000	\$ 0	\$ 2,124	\$ 4,124
Reserved for Capital Projects	0	2,179,180	0	2,179,180
Reserved for Prepaid Expenditures	27,004	0	0	27,004
Reserved for Debt Service	0	0	161,703	161,703
Unreserved				
Designated for Food Service	0	0	13,118	13,118
Designated for Athletics	0	0	3,134	3,134
Unreserved, Undesignated	302,034	0	0	302,034
Total Fund Balances	\$ 331,038	\$ 2,179,180	\$ 180,079	\$ 2,690,297
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,563,029	\$ 2,546,228	\$ 183,520	\$ 4,292,777

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

RECONCILIATION OF BALANCE SHEET OF GOVERNMENTAL FUNDS TO NET ASSETS

JUNE 30, 2007

Total Governmental Fund Balances		\$ 2,690,297
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported in the funds		
The cost of the capital assets is	\$ 6,979,774	
Accumulated depreciation is	<u>(717,538)</u>	6,262,236
Construction in Progress is		706,029
Long term liabilities are not due and payable in the current period and are not reported in the funds		
Loans Payable		(5,783)
Bonds Payable		(5,292,393)
Compensated Absences		(19,510)
Governmental funds expense the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		162,773
Accrued interest on long-term debt is not included as a liability in governmental funds, it is recorded when paid		(36,459)
Balance of taxes receivable at June 30, 2007, expected to be collected after September 1, 2007		<u>1,456</u>
NET ASSETS OF GOVERNMENTAL ACTIVITIES		<u><u>\$ 4,468,646</u></u>

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED JUNE 30, 2007

	GENERAL FUND	2006 CAPITAL PROJECT FUND	OTHER NONMAJOR GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
<u>REVENUES</u>				
Local Sources	\$ 540,548	\$ 134,829	\$ 421,020	\$ 1,096,397
State Sources	2,471,617	0	7,254	2,478,871
Federal Sources	245,042	0	79,598	324,640
Other Transactions	65,788	0	0	65,788
Total Revenues	\$ 3,322,995	\$ 134,829	\$ 507,872	\$ 3,965,696
<u>EXPENDITURES</u>				
Instruction				
Basic Programs	\$ 1,684,836	\$ 0	\$ 0	\$ 1,684,836
Added Needs	316,289	0	0	316,289
Supporting Services				
Pupil	71,888	0	0	71,888
Instructional Staff	46,760	0	0	46,760
General Administration	152,198	0	0	152,198
School Administration	175,622	0	0	175,622
Business	103,206	139	0	103,345
Operation and Maintenance	347,870	0	0	347,870
Pupil Transportation Services	152,898	129,647	0	282,545
Central Services	43,999	4,625	0	48,624
Food Service Activities	0	12,250	120,628	132,878
Athletic Activities	0	0	93,237	93,237
Community Services	3,852	0	0	3,852
Facilities Acquisition	0	1,048,098	0	1,048,098
Debt Service				
Principal	37,677	0	175,000	212,677
Interest	35,333	0	185,483	220,816
Other Transactions	9,192	0	0	9,192
Total Expenditures	\$ 3,181,620	\$ 1,194,759	\$ 574,348	\$ 4,950,727
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ 141,375	\$ (1,059,930)	\$ (66,476)	\$ (985,031)
<u>OTHER FINANCING SOURCES (USES)</u>				
Bond Proceeds	\$ 0	\$ 3,320,000	\$ 0	\$ 3,320,000
Transfers In	0	0	121,032	121,032
Bond Issuance Discount	0	(40,957)	0	(40,957)
Transfers Out	(81,073)	(39,959)	0	(121,032)
Total Other Financing Sources (Uses)	\$ (81,073)	\$ 3,239,084	\$ 121,032	\$ 3,279,043
Net Change in Fund Balance	\$ 60,302	\$ 2,179,154	\$ 54,556	\$ 2,294,012
<u>FUND BALANCES - Beginning of Year</u>	270,736	26	125,523	396,285
<u>FUND BALANCES - End of Year</u>	\$ 331,038	\$ 2,179,180	\$ 180,079	\$ 2,690,297

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED JUNE 30, 2007

Net change in Fund Balances Total Governmental Funds	\$ 2,294,012
Amounts reported for governmental activities are different because:	
Governmental funds report capital outlays as expenditures. In the statement of activities, these costs are allocated over their estimated useful lives as depreciation.	
Depreciation Expense	(95,586)
Capital Outlay	1,150,030
Accrued interest on bonds is recorded in the statement of activities when incurred; it is not recorded in governmental funds until it is paid:	
Accrued Interest Payable - Beginning of Year	12,559
Accrued Interest Payable - End of Year	(36,459)
Governmental funds report proceeds of long term debt as an other financing source. In the entity wide statements, it is treated as an increase in debt.	(3,279,043)
Governmental funds report bond issuance costs as a current expense. In the entity wide statements, they are capitalized as a deferred charge and amortized over the life of the bonds.	39,398
Repayment of principal on long-term debt is an expenditure in the governmental funds, but not in the statement of activities (where it is a reduction of liabilities)	212,677
Amortization of Bond Issuance Costs	(15,069)
Revenue is recorded on the accrual method in the statement of activities; in the governmental funds it is recorded on the modified accrual method and not considered available:	
Deferred Revenue - Beginning of Year	(620)
Deferred Revenue - End of Year	1,456
Employees Compensated Absences are reported on the accrual method in the statement of activities, and recorded as an expenditure when financial resources are used in the governmental funds:	
Compensated Absences - Beginning of Year	20,253
Compensated Absences - End of Year	<u>(19,510)</u>
CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES	<u>\$ 284,098</u>

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS

JUNE 30, 2007

	<u>AGENCY FUND</u>
<u>ASSETS</u>	
Cash	\$ 82,695
Investments	<u>250</u>
 TOTAL ASSETS	 <u><u>\$ 82,945</u></u>
 <u>LIABILITIES AND NET ASSETS</u>	
 <u>LIABILITIES</u>	
Due to Groups and Organizations	\$ 82,945
 <u>NET ASSETS</u>	 <u>0</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u><u>\$ 82,945</u></u>

The accompanying notes are an integral part of these financial statements.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of the Buckley Community School have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The School District is located in Wexford and Grand Traverse Counties with its administrative offices located in Buckley, Michigan. The District operates under an elected 7-member board of education and provides services to its 398 students in elementary, middle school, high school, special education, transportation, food service, and athletics. The District receives funding from local, state, and federal government sources and must comply with all of the requirements of these funding source entities. The District is not included in any other governmental reporting entity as defined by generally accepted accounting principles. Board members are elected by the public and have decision-making authority, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters. The District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. The government-wide financial statements categorize primary activities as either governmental or business type. All of the District's activities are classified as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges paid by recipients who purchase, use or directly benefit from goods or services by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. State Foundation Aid, certain revenue from the intermediate school district and other unrestricted items are not included as program revenues but instead as *general revenues*.

In the government-wide statement of net assets, the governmental activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net assets are reported in three parts – invested in capital assets, net of related debt; restricted net assets; and unrestricted net assets.

The District first utilizes restricted resources to finance qualifying activities.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The government-wide statement of activities reports both the gross and net cost of each of the District's functions. The functions are also supported by general government revenues (property taxes, certain intergovernmental revenues and charges, etc.). The statement of activities reduces gross expenses by related program revenues and operating grants. Program revenues must be directly associated with the function. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The net costs (by function) are normally covered by general revenue (property taxes, state sources, intermediate district sources, interest income and other revenues).

The District does not allocate indirect costs.

This government-wide focus is more on the sustainability of the District as an entity and the change in the District's net assets resulting from the current year's activities.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Governmental Funds – Governmental funds are those funds through which most school district functions typically are financed. The acquisition, use and balances of the school district's expendable financial resources and the related current liabilities are accounted for through governmental funds.

The District reports the following major governmental funds:

The *GENERAL FUND* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *CAPITAL PROJECTS FUND* accounts for major improvement projects and is primarily funded with Bond Proceeds.

Other Non-Major Funds

The *SPECIAL REVENUE FUNDS* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects). The District accounts for its food service and athletic activities in the special revenue funds.

The *DEBT SERVICE FUNDS* account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Fiduciary Funds

Fiduciary funds account for assets held by the District in a trustee capacity or as an agent on behalf of others. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds are not included in the government-wide statements.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The *AGENCY FUND* is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the District holds for others in an agency capacity (primarily student activities).

C. Measurement Focus, Basis of Accounting and Basis of Presentation

Accrual Method

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Modified Accrual Method

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, state and federal aid and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

State Revenue

The State of Michigan utilizes a foundation grant approach which provides for a specific annual amount of revenue per pupil based on a statewide formula. The Foundation is funded from state and local sources. Revenues from state sources are primarily governed by the School Aid Act and the School Code of Michigan. The Michigan Department of Education administers the allocation of state funds to school districts based on information supplied by the districts. For the year ended June 30, 2007, the foundation allowance was based on pupil membership counts taken in February and September of 2006, 2005 and 2004. For the year ended June 30, 2007, the per pupil foundation allowance was \$7,085 for Buckley Community School.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The state portion of the foundation is provided primarily by a state education property tax millage of 6 mills and an allocated portion of state sales and other taxes. The local portion of the foundation is funded primarily by non-homestead property taxes which may be levied at a rate of up to 18 mills. The State revenue is recognized during the foundation period and is funded through payments from October 2006 to August 2007. Thus, the unpaid portion at June 30th is reported as due from other governments.

The District also receives revenue from the state to administer certain categorical education programs. State rules require that revenue earmarked for these programs be used for its specific purpose. Certain governmental funds require an accounting to the state of the expenditures incurred. For categorical funds meeting this requirement, funds received, which are not expended by the close of the fiscal year are recorded as deferred revenue. Other categorical funding is recognized when the appropriation is received.

D. Other Accounting Policies

1. Cash and Investments

Cash includes amounts in demand deposits.

Investments are carried at market value.

The District complies with State statutes regarding investment of funds.

The Board policy on investment of funds authorizes the School District to invest as follows:

- (a) Bonds, bills, or notes of the United States, or obligations, the principal and interest of which are fully guaranteed by the United States Government, or obligations of the state.
- (b) Certificates of deposit issued by any state or national bank organized and authorized to operate in this state.
- (c) Commercial paper rated prime 1 or prime 2 at the time of purchase and maturing not more than 270 days after the date of purchase.
- (d) Mutual funds composed entirely of investment vehicles that are legal for direct investment by a school district.
- (e) Investment pools, as authorized by the Surplus Funds Investment Pool Act, Act No 367 of the Public Acts of 1982, being sections 129.111 to 129.118 of the Michigan Compiled Laws, composed entirely of instruments that are legal for direct investment by a school district.

The School's deposits and investments are held separately by several of the School District's funds.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

2. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

3. Property Taxes

Property taxes levied by the District are collected by various municipalities and periodically remitted to the District. Property taxes are assessed as of January 1 and billed and due December 1. Unpaid taxes become delinquent as of February 14th and are subject to penalties and interest after that date. Uncollected taxes at year-end are not material.

For the year ended June 30, 2007, the District levied the following amounts per \$1,000 of taxable valuation:

<u>Fund</u>	<u>Mills</u>
General Fund – Non-homestead	18.0000
Debt Service Funds – Homestead and non-homestead	4.8500

4. Inventories and Prepaid Expenditures

Inventories are valued at cost. Inventory in the General Fund consists of supplies held for consumption. Inventories in the special revenue funds consisting of expendable supplies held for consumption, are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenditures.

5. Capital Assets

Capital assets purchased or acquired are capitalized at historical cost or estimated historical cost. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets.

Depreciation on all assets is provided on the straight-line basis over the estimated useful lives as follows:

Buildings and additions	50 years
Furniture and other equipment	5 – 15 years

The District's capitalization policy is to capitalize individual items exceeding \$2,000.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

6. Compensated Absences

It is the District's policy to permit employees to accumulate earned but unused sick pay benefits. The amount allowable to be compensated for depends on the position and the longevity of the individual employee. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt. The District has elected to apply the provisions of GASB 34 paragraph 146 which allows the amortization of premiums, discounts and bond issuance costs to be applied prospectively for all bonds issued after July 1, 2002.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

8. Fund Equity

In the fund financial statements, the unreserved fund balances for governmental funds represent the amount available for budgeting future operations. Reservations of fund balance are for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

9. Use of Estimates

The process of preparing basic financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenditures. Such estimates primarily relate to unsettled transactions and events as of the date of the financial statements. Accordingly, upon settlement, actual results may differ from estimated amounts.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriated budgets are adopted for the general, special revenue and debt service funds.

Encumbrance accounting is not employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) lapse at year-end and do not constitute expenditures or liabilities because the commitments will generally be reappropriated and honored during the subsequent year.

The District follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The superintendent submits to the School Board a proposed operating budget for the fiscal year commencing on July 1. The operating budget includes proposed expenditures and the means of financing them. The level of control for the budgets is at the functional level as set forth and presented as required supplementary information.
2. Public hearings are conducted to obtain taxpayer comments.
3. The budget is legally adopted by School Board resolution pursuant to the Uniform Budgeting and Accounting Act (P.A. 621 of 1978). The Act requires that the budget be amended prior to the end of the fiscal year when necessary to adjust appropriations if it appears that revenues and other financing sources will be less than anticipated or so that expenditures will not be in excess of original estimates. Expenditures shall not be made or incurred, unless authorized in the budget, in excess of the amount appropriated. Violations if any are noted in the required supplementary information section.
4. The superintendent is charged with general supervision of the budgets and shall hold the department heads responsible for performance of their responsibilities.
5. During the year the budgets are monitored and amendments to the budget resolution are made when it is deemed necessary.
6. Budgeted amounts are as originally adopted on June 30, 2006, or as amended by the School Board of Education on June 26, 2007.

NOTE 3 - DETAILED NOTES ON ALL FUNDS

A. Deposits

The District's deposits and investments are on deposit with Bank One, Honor State Bank, Fifth Third Bank and Michigan School District Liquid Asset Fund Plus.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Investment rate risk. The District minimizes Interest Rate Risk, which is the risk that the market value of securities in the portfolio will fall due to changes in market interest rates, by; structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market; and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investing pools and limiting the average maturity in accordance with the District's cash requirement.

Foreign currency risk. The District is not authorized to invest in investments, which have this type of risk.

Credit risk. The District minimizes Custodial Credit Risk, which is the risk of loss due to the failure of the security issuer or backer, by; limiting investments to the types of securities listed in the District's investment policy; and pre-qualifying the financial institutions, brokers/dealer, intermediaries and advisors with which the District will do business in accordance with the District's investment policy.

Concentration of credit risk. The District minimizes Concentration of Credit Risk, which is the risk of loss attributed to the magnitude of the District's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As of June 30, 2007, \$2,418,068 of the District's bank balance of \$2,864,854 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name. At year end all of the District's investments were uncategorized as to risk.

At year-end, the carrying amount of the District's deposits was \$2,789,062. The bank balance was \$2,864,854, of which \$446,786 was covered by federal depository insurance and \$2,418,068 was uninsured and uncollateralized. The District places its deposits with high quality financial institutions. Although such deposits exceed federally insured limits, they are, in the opinion of the District, subject to minimal risk.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Investments

The District's investments are categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered, or securities held by the District or the District's agent in the District's name. Category 2 includes investments that are uninsured and unregistered with securities held by the counterparty's trust department or its agent in the District's name. Category 3 includes investments that are uninsured and unregistered, with the securities held by the counterparty, or by its trust department or its agent but not in the District's name.

At year-end, the only investments were certificates of deposit and investment trust funds.

Investments not subject to categorization:	
Investment Trust Funds	\$ 1,002,964
Certificates of Deposit	<u>2,247,462</u>
Investments per Statement of Net Assets	<u><u>\$ 3,250,426</u></u>

The District invests certain excess funds in the Michigan Investment Liquid Asset Fund (MILAF). MILAF is an external pooled investment fund of "qualified" investments for Michigan school districts. MILAF is not regulated nor is it registered with the SEC. MILAF reports that as of June 30, 2007, the fair value of the District's investments is the same as the value of the pool shares.

B. Receivables

Receivables as of year end for the government's individual major funds and nonmajor funds in the aggregate; including the applicable allowances for uncollectible accounts, are as follows:

	GENERAL FUND	DEBT SERVICE FUNDS	CAPITAL PROJECTS FUND	NONMAJOR AND OTHER FUNDS	TOTAL
Receivable					
Taxes	\$ 1,136	\$ 122	\$ 0	\$ 0	\$ 1,258
Accounts	152	0	0	0	152
Accrued Interest	0	0	94,858	0	94,858
Due from Other Governments	434,416	0	0	1,193	435,609
	<u>\$ 435,704</u>	<u>\$ 122</u>	<u>\$ 94,858</u>	<u>\$ 1,193</u>	<u>\$ 531,877</u>

The allowance for doubtful accounts is not considered to be material for disclosure.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue and unearned revenue reported in the governmental funds were as follows:

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

	Unavailable	Unearned
Delinquent Property Taxes Receivable-General Fund	\$ 1,136	\$ 0
Delinquent Property Taxes Receivable-Debt Service Fund	122	0
	<hr/>	<hr/>
Total Deferred/Unearned Revenue for Governmental Funds	\$ 1,258	\$ 0
	<hr/>	<hr/>

C. Capital Assets

A summary of changes in the District's capital assets follows:

	Balance July 1, 2006	Additions	Deletions	Balance June 30, 2007
Capital assets not being depreciated - Land	\$ 38,334	\$ 51,756	\$ 0	\$ 90,090
Capital assets being depreciated				
Land improvements	\$ 75,630	\$ 126,371	\$ 0	\$ 202,001
Buildings and additions	5,889,891	763,723	0	6,653,614
Machinery and equipment	268,817	78,533	4,722	342,628
Transportation equipment	267,823	129,647	0	397,470
Subtotal	<hr/> \$ 6,502,161	<hr/> \$ 1,098,274	<hr/> \$ 4,722	<hr/> \$ 7,595,713
Less accumulated depreciation for:				
Land improvements	\$ 36,345	\$ 10,688	\$ 0	\$ 47,033
Buildings and additions	292,719	27,446	0	320,165
Machinery and equipment	189,446	18,786	4,722	203,510
Transportation equipment	108,164	38,666	0	146,830
Accumulated Depreciation	<hr/> \$ 626,674	<hr/> \$ 95,586	<hr/> \$ 4,722	<hr/> \$ 717,538
Net capital assets being depreciated	<hr/> \$ 5,875,487	<hr/> \$ 1,002,688	<hr/> \$ 0	<hr/> \$ 6,878,175
Net capital assets	<hr/> \$ 5,913,821	<hr/> \$ 1,054,444	<hr/> \$ 0	<hr/> \$ 6,968,265

Depreciation for the fiscal year ended June 30, 2007 amounted to \$95,586, and was allocated as follows:

Instruction	\$ 15,953
Operation and Maintenance	20,251
Transportation	40,523
Central Technology Services	6,569
Food Service	542
Athletics	10,522
Unallocated	1,226
	<hr/>
	\$ 95,586
	<hr/>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

D. Long-Term Debt

The District issues general obligation bonds to provide funds for the acquisition, construction and improvement of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the District.

The following is a summary of governmental long-term obligations for the District for the year ended June 30, 2007:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	\$2,147,393	\$3,320,000	\$175,000	\$5,292,393	\$ 205,000
Less:Deferred Charges - Net of Amortization	(97,487)	(80,355)	(15,069)	(162,773)	0
Total Bonds Payable	\$2,049,906	\$3,239,645	\$159,931	\$5,129,620	\$ 205,000
Compensated Absences	20,253	0	743	19,510	0
School Bus Loans	43,460	0	37,677	5,783	5,783
Total	\$2,113,619	\$3,239,645	\$198,351	\$5,154,913	\$ 210,783

At June 30, 2007, the District's long-term debt consisted of the following issues:

2005 Refunding Bonds Due in Annual Installments of \$95,000 to \$175,000 through May 1, 2025, Interest at 3.00% to 4.20%	\$1,945,000
2006 School Building and Site Bonds Due in Annual Installments of \$30,000 to \$200,000 through May 1, 2026, Interest at 4.125% to 4.400%	3,320,000
1998 School improvement bonds due in annual installments of \$2,500 to \$16,657, through May 15, 2013, interest at 4.761353%, being serviced by designated state aid	27,393
School bus Contract, payable \$3,163 per month, interest at 3.03%	5,783
Accumulated Sick Pay	19,510
Total long-term debt	<u>\$5,317,686</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

The requirements to amortize debt outstanding as of June 30, 2007, including interest of \$2,251,195 are as follows:

Year ending June 30,	Bonds		School Bus Loans		Amounts
	Principal	Interest	Principal	Interest	Payable
2008	\$ 205,000	\$ 210,468	\$ 5,783	\$ 31	\$ 421,282
2009	231,657	207,554	0	0	439,211
2010	247,500	197,535	0	0	445,035
2011	267,619	188,548	0	0	456,167
2012	277,743	178,618	0	0	456,361
2013-2017	1,467,874	727,703	0	0	2,195,577
2018-2022	1,495,000	427,688	0	0	1,922,688
2023-2026	1,100,000	113,050	0	0	1,213,050
	<u>\$ 5,292,393</u>	<u>\$ 2,251,164</u>	<u>\$ 5,783</u>	<u>\$ 31</u>	<u>\$ 7,549,371</u>
Compensated Absences					<u>19,510</u>
					<u>\$ 7,568,881</u>

E. Short-Term Debt

The District owed \$800,000 on a State Aid Anticipation Note at the beginning of the year which was paid off in July of 2006. During the year the District borrowed \$900,000 on a State Aid Anticipation Note which will be paid off in July of 2007.

F. Interfund Receivables, Payables, and Transfers

Interfund Receivables and Payables as shown in the individual fund financial statements at June 30, 2007, were:

	INTERFUND RECEIVABLES	INTERFUND PAYABLES
General Fund	\$ 576	\$ 19,035
Athletic Fund	0	209
Food Service Fund	11,487	367
2006 Capital Projects Fund	7,500	0
2005 Debt Retirement Fund	35	0
2006 Debt Retirement Fund	13	0
	<u>\$ 19,611</u>	<u>\$ 19,611</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

Interfund transfers as shown in the individual fund financial statements at June 30, 2007, were:

	TRANSFERS IN	TRANSFERS OUT
General Fund	\$ 0	\$ 81,073
Athletic Activities Fund	81,073	0
2006 Capital Projects Fund	0	39,959
2006 Debt Retirement Fund	39,959	0
	<u>\$ 121,032</u>	<u>\$ 121,032</u>

G. Designated and Reserved Fund Balance

The School has reserved or designated the fund balances as follows:

1. Food Service and Athletic Activities

The School's policy is to show fund balance of the Food Service Fund and Athletic Activities Fund as designated for those purposes.

2. Debt Service

The entire fund balances of the Debt Service Funds are reserved for debt service.

3. Inventory and Prepaid Expenditures

The General Fund Balance is reserved for inventories and prepaid expenditures to emphasize that these amounts are not appropriable for other purposes.

4. Capital Projects

The entire fund balance of the Capital Projects Fund is reserved in accordance with the bond documents.

H. Lease Information

Operating Leases – The School District is committed under noncancellable leases for office equipment. The lease is an operating lease with no contingent lease payments. Lease expense (including short-term rental) for the current year was \$12,993. Future minimum lease payments are as follows

<u>YEAR ENDED JUNE 30,</u>	<u>AMOUNT</u>
2008	\$ 12,993
2009	7,369

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

NOTE 4 – OTHER INFORMATION

A. Employee Retirement System

Plan Description - The District contributes to the statewide Michigan Public School Employees' Retirement System (MPSERS), a cost sharing multiple-employer defined benefit pension plan administered by the nine member board of the MPSERS. The MPSERS provides retirement benefits and postretirement benefits for health, dental and vision. The MPSERS was established by Public Act 136 of 1945 and operates under the provisions of Public Act 300 of 1980, as amended. The MPSERS issues a publicly available financial report that includes financial statements and required supplementary information for MPSERS. That report may be obtained by writing to Michigan Public School Employees Retirement System, P.O. Box 30171, Lansing, Michigan 48909-7671 or by calling (517) 322-5103.

Funding Policy - Member Investment Plan (MIP) members enrolled in MIP prior to January 1, 1990 contribute a permanently fixed rate of 3.9% of gross wages. The MIP contribution rate was 4.0% from January 1, 1987, the effective date of the MIP, until January 1, 1990 when it was reduced to 3.9%. Members first hired January 1, 1990 or later and returning members who did not work between January 1, 1987 through December 31, 1989 contribute at the following graduated permanently fixed contribution rate: 3% of the first \$5,000; 3.6% of \$5,001 through \$15,000; 4.3% of all wages over \$15,000.

Basic Plan members make no contributions. For a limited period ending December 31, 1992, an active Basic Plan member could enroll in the MIP by paying the contributions that would have been made had enrollment occurred initially on January 1, 1987 or on the date of hire, plus interest. MIP contributions at the rate of 3.9% of gross wages begin at enrollment. Market rate interest is posted to member accounts on July 1st on all MIP monies on deposit for 12 months. If a member leaves MPSERS service and no pension is payable, the member's accumulated contribution plus interest, if any, are refundable.

The District is required to contribute the full actuarial funding contribution amount to fund pension benefits, plus an additional amount to fund retiree health care benefit amounts on a cash disbursement basis. The rate for the first quarter of the year ended June 30, 2007, was 16.34%, and for the last three quarters it was 17.74%. The contribution requirements of plan members and the District are established and may be amended by the MPSERS Board of Trustees. The District contributions to MPSERS for the year ended June 30, 2007, 2006 and 2005 were \$296,448, \$282,415, and \$270,229 respectively, and were equal to the required contribution for those years.

The District is not responsible for the payment of retirement benefits which is the responsibility of the State of Michigan.

Other Post-employment Benefits

Under the MPSERS Act, all retirees have the option of continuing health, dental and vision coverage.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2007

C. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees' and natural disasters. The District participates in two distinct pools of educational institutions within the State of Michigan for self-insuring property and casualty and workers' disability compensation. The pools are considered public entity risk pools. The District pays annual premiums under a retrospectively rated policy to the pools for the respective insurance coverage. In the event a pool's total claims and expenses for a policy year exceed the total normal annual premiums for said years, all members of the specific pool's policy year may be subject to special assessment to make up the deficiency. The workers' compensation pool and the property casualty pool maintain reinsurance for claims generally in excess of \$500,000 for each occurrence with the overall maximum coverage varying depending on the specific type coverage of reinsurance.

The District continues to carry commercial insurance for other risks of loss, including employee health and accident insurance. No settlements have occurred in excess of coverage for June 30, 2006 or any of the prior three years.

D. Commitments

The District has outstanding commitments on construction contracts and equipment purchase orders totaling \$835,464. All of these commitments will be paid from the 2006 Capital Project Fund.

E. Capital Projects Fund Compliance

The Capital Projects Fund includes capital project activities funded with bonds issued after May 1, 1994. For this capital project the school district has complied with the applicable provisions of §1351a of the Revised School Code.

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
REQUIRED SUPPLEMENTARY INFORMATION
BUDGETARY COMPARISON SCHEDULE
MAJOR FUND
YEAR ENDED JUNE 30, 2007

	<u>GENERAL FUND</u>		
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL AMOUNTS BUDGETARY BASIS
<u>REVENUES</u>			
Local Sources	\$ 469,750	\$ 542,788	\$ 540,548
State Sources	2,498,024	2,465,650	2,471,617
Federal Sources	254,091	242,836	245,042
Other Transactions	52,055	60,866	65,788
Total Revenues	<u>\$ 3,273,920</u>	<u>\$ 3,312,140</u>	<u>\$ 3,322,995</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs	\$ 1,659,125	\$ 1,695,162	\$ 1,684,836
Added Needs	363,345	317,040	316,289
Supporting Services			
Pupil	84,611	72,889	71,888
Instructional Staff	47,707	47,162	46,760
General Administration	145,407	155,346	152,198
School Administration	168,150	177,924	175,622
Business	108,235	109,845	103,206
Operation and Maintenance	357,289	359,740	347,870
Pupil Transportation Services	152,722	157,456	152,898
Central Services	36,293	47,271	43,999
Community Services	402	3,855	3,852
Debt Service			
Principal Reduction	35,000	35,000	37,677
Interest and Fiscal Charges	35,700	22,300	35,333
Other Transactions	10,600	11,780	9,192
Total Expenditures	<u>\$ 3,204,586</u>	<u>\$ 3,212,770</u>	<u>\$ 3,181,620</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 69,334	\$ 99,370	\$ 141,375
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out	(84,300)	(92,658)	(81,073)
Net Change in Fund Balance	\$ (14,966)	\$ 6,712	\$ 60,302
<u>FUND BALANCE - Beginning of Year</u>	<u>250,835</u>	<u>270,736</u>	<u>270,736</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 235,869</u>	<u>\$ 277,448</u>	<u>\$ 331,038</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUND TYPES

JUNE 30, 2007

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>			<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>
	<u>FOOD SERVICE</u>	<u>ATHLETIC ACTIVITIES</u>	<u>DURANT DEBT RETIREMENT FUND</u>	<u>2005 DEBT RETIREMENT FUND</u>	<u>2006 DEBT RETIREMENT FUND</u>	
<u>ASSETS</u>						
Cash	\$ 3,350	\$ 3,343	\$ 0	\$ 89,695	\$ 71,960	\$ 168,348
Taxes Receivable	0	0	0	198	122	320
Due from Other Funds	11,487	0	0	35	13	11,535
Due from Other Governmental Units	1,193	0	0	0	0	1,193
Inventory	2,124	0	0	0	0	2,124
TOTAL ASSETS	\$ 18,154	\$ 3,343	\$ 0	\$ 89,928	\$ 72,095	\$ 183,520
<u>LIABILITIES AND FUND BALANCES</u>						
<u>LIABILITIES</u>						
Salaries Payable	\$ 2,545	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,545
Deferred Revenue	0	0	0	198	122	320
Due to Other Funds	367	209	0	0	0	576
TOTAL LIABILITIES	\$ 2,912	\$ 209	\$ 0	\$ 198	\$ 122	\$ 3,441
<u>FUND BALANCE</u>						
Reserved for Inventory	\$ 2,124	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,124
Reserved for Debt Service	0	0	0	89,730	71,973	161,703
Unreserved						
Designated for Food Service	13,118	0	0	0	0	13,118
Designated for Athletic Activities	0	3,134	0	0	0	3,134
Total Fund Balances	\$ 15,242	\$ 3,134	\$ 0	\$ 89,730	\$ 71,973	\$ 180,079
TOTAL LIABILITIES AND FUND BALANCES	\$ 18,154	\$ 3,343	\$ 0	\$ 89,928	\$ 72,095	\$ 183,520

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUND TYPES
YEAR ENDED JUNE 30, 2007

	<u>SPECIAL REVENUE FUNDS</u>		<u>DEBT SERVICE FUNDS</u>			<u>TOTAL NONMAJOR GOVERNMENTAL FUNDS</u>	
	<u>FOOD SERVICE</u>	<u>ATHLETIC ACTIVITIES</u>	<u>DURANT DEBT RETIREMENT FUND</u>	<u>2005 DEBT RETIREMENT FUND</u>	<u>2006 DEBT RETIREMENT FUND</u>		
<u>REVENUES</u>							
Local Sources	\$ 32,872	\$ 11,188	\$ 0	\$ 234,151	\$ 142,809	\$	421,020
State Sources	7,254	0	0	0	0		7,254
Federal Sources	79,598	0	0	0	0		79,598
Total Revenues	\$ 119,724	\$ 11,188	\$ 0	\$ 234,151	\$ 142,809	\$	507,872
<u>EXPENDITURES</u>							
Food Service Activities	\$ 120,628	\$ 0	\$ 0	\$ 0	\$ 0	\$	120,628
Athletic Activities	0	93,237	0	0	0		93,237
Debt Service							
Principal	0	0	0	175,000	0		175,000
Interest	0	0	0	74,688	110,795		185,483
Total Expenditures	\$ 120,628	\$ 93,237	\$ 0	\$ 249,688	\$ 110,795	\$	574,348
Excess (Deficiency) of Revenues Over Expenditures	\$ (904)	\$ (82,049)	\$ 0	\$ (15,537)	\$ 32,014	\$	(66,476)
<u>OTHER FINANCING SOURCES</u>							
Transfers In	0	81,073	0	0	39,959		121,032
Net Change in Fund Balance	\$ (904)	\$ (976)	\$ 0	\$ (15,537)	\$ 71,973	\$	54,556
<u>FUND BALANCE</u> - Beginning of Year	16,146	4,110	0	105,267	0		125,523
<u>FUND BALANCE</u> - End of Year	\$ 15,242	\$ 3,134	\$ 0	\$ 89,730	\$ 71,973	\$	180,079

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 164,445	\$ 159,843
Taxes Receivable	1,136	491
Accounts Receivable	152	2,914
Due from Other Funds	576	4,120
Due from Other Governmental Units	434,416	468,244
Inventory	2,000	2,000
Prepaid Expenditures	27,004	4,800
Investments	933,300	695,778
	<hr/>	<hr/>
TOTAL ASSETS	\$ 1,563,029	\$ 1,338,190
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accounts Payable	\$ 4,975	\$ 800
State Aid Anticipation Note Payable	900,000	800,000
Due to Other Funds	19,035	8,986
Accrued Expenses	115,354	98,218
Salaries Payable	191,491	158,959
Deferred Revenue	1,136	491
	<hr/>	<hr/>
Total Liabilities	\$ 1,231,991	\$ 1,067,454
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for:		
Inventory	\$ 2,000	\$ 2,000
Prepaid Expenditures	27,004	4,800
Unreserved		
Undesignated	302,034	263,936
	<hr/>	<hr/>
Total Fund Balance	\$ 331,038	\$ 270,736
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 1,563,029	\$ 1,338,190
	<hr/> <hr/>	<hr/> <hr/>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources	\$ 542,788	\$ 540,548	\$ 473,530
State Sources	2,465,650	2,471,617	2,508,271
Federal Sources	242,836	245,042	254,807
Other Transactions	60,866	65,788	68,755
Total Revenues	<u>\$ 3,312,140</u>	<u>\$ 3,322,995</u>	<u>\$ 3,305,363</u>
<u>EXPENDITURES</u>			
Instruction			
Basic Programs			
Elementary School	\$ 848,614	\$ 846,352	\$ 888,952
Middle School/Junior High	84,711	84,690	73,674
High School	754,951	747,083	683,412
Preschool	5,891	5,719	497
Summer School	995	992	13,541
Added Needs			
Special Education	162,631	161,887	192,388
Compensatory Education	154,409	154,402	170,023
Supporting Services			
Pupil Support Services			
Guidance Services	59,362	58,688	69,593
Social Work Services	13,527	13,200	13,008
Instructional Staff			
Improvement of Instruction	4,685	4,506	2,580
Educational Media Services	34,046	33,953	34,928
Supervision and Direction of Instructional Staff	8,431	8,301	9,779

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
General Administration			
Board of Education	24,656	24,121	30,290
Executive Administration	130,690	128,077	116,680
School Administration			
Office of the Principal	175,924	173,804	166,831
Other School Administration	2,000	1,818	1,118
Business			
Fiscal Services	69,645	69,280	64,382
Other Business Services	40,200	33,926	43,780
Operation and Maintenance of Plant	359,740	347,870	346,945
Pupil Transportation Services	157,456	152,898	151,583
Central Services			
Planning, Research and Development	3,649	3,649	0
Information Management Services	26,847	25,366	19,113
Other Central Services	16,775	14,984	18,220
Community Services			
Community Learning Center	3,855	3,852	402
Other Transactions			
Transfers to Other School Districts	11,780	9,192	12,710
Debt Service			
Principal Reduction	35,000	37,677	52,277
Interest and Fiscal Charges	22,300	35,333	23,826
Total Expenditures	<u>\$ 3,212,770</u>	<u>\$ 3,181,620</u>	<u>\$ 3,200,532</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 99,370</u>	<u>\$ 141,375</u>	<u>\$ 104,831</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	2007		2006
	BUDGET	ACTUAL	ACTUAL
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers Out			
Food Service Fund	\$ (10,000)	\$ 0	\$ 0
Athletic Activities Fund	(82,658)	(81,073)	(84,930)
Total Other Financing Sources (Uses)	<u>\$ (92,658)</u>	<u>\$ (81,073)</u>	<u>\$ (84,930)</u>
Net Change in Fund Balance	\$ 6,712	\$ 60,302	\$ 19,901
<u>FUND BALANCE - Beginning of Year</u>	<u>270,736</u>	<u>270,736</u>	<u>250,835</u>
<u>FUND BALANCE - End of Year</u>	<u>\$ 277,448</u>	<u>\$ 331,038</u>	<u>\$ 270,736</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>LOCAL SOURCES</u>			
Property Taxes			
Operating Millage	\$ 491,188	\$ 486,703	\$ 428,468
Penalties and Interest on Delinquent Taxes	0	3	0
Tuition			
Regular	20	20	31
Earnings on Investments and Deposits	32,500	40,534	26,997
Rentals	2,315	2,465	409
Private Contributions	4,565	4,563	11,607
Miscellaneous	12,200	6,260	6,018
Total Local Sources	<u>\$ 542,788</u>	<u>\$ 540,548</u>	<u>\$ 473,530</u>
<u>STATE SOURCES</u>			
Grants-In-Aid Unrestricted			
State School Aid			
Foundation Allowance	\$ 2,267,369	\$ 2,274,802	\$ 2,308,873
Foundation Allowance - Special Education	106,088	104,921	95,370
Grants-In-Aid Restricted			
State School Aid			
At Risk	80,474	80,334	95,054
ASAP Way to Grow	2,600	2,437	4,686
Durant Settlement	4,287	4,287	4,288
Middle School Math	4,832	4,836	0
Total State Sources	<u>\$ 2,465,650</u>	<u>\$ 2,471,617</u>	<u>\$ 2,508,271</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
ANALYSIS OF REVENUES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>FEDERAL SOURCES</u>			
Grants-In-Aid Restricted			
Direct Grants			
Title VI B Small Rural School Grant	\$ 13,594	\$ 13,594	\$ 11,368
Received Through Michigan Department of Education			
Title I	87,814	87,814	103,310
Title V LEA Allocation	1,146	1,146	2,601
Improving Teacher Quality Grant	34,080	34,080	34,042
Received Through Traverse City Area Public Schools			
Community Learning Center	90,583	92,919	90,766
Received Through Family Independence Agency			
Strong Families Safe Children Grant	0	6,200	6,200
Received Through Traverse Bay Area ISD			
Drug Free Schools Grant			0
Improving Teacher Quality Grant	901	901	1,927
IDEA Grants	14,577	8,248	4,593
Medicaid Outreach	141	140	0
Total Federal Sources	<u>\$ 242,836</u>	<u>\$ 245,042</u>	<u>\$ 254,807</u>
<u>OTHER TRANSACTIONS</u>			
Transfers from TBA			
County Special Education Tax	\$ 27,300	\$ 27,331	\$ 23,491
Other Transfers from TBA	28,171	33,363	41,042
Great Smart Program	4,845	4,584	0
Refunds of Prior Years Expense	550	510	3,567
Sale of Fixed Assets	0	0	655
Total Other Transactions	<u>\$ 60,866</u>	<u>\$ 65,788</u>	<u>\$ 68,755</u>
 TOTAL REVENUES	 <u>\$ 3,312,140</u>	 <u>\$ 3,322,995</u>	 <u>\$ 3,305,363</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>INSTRUCTION</u>			
<u>Basic Programs</u>			
<u>Elementary</u>			
Salaries	\$ 547,350	\$ 546,992	\$ 596,430
Employee Benefits	278,354	278,068	280,838
Purchased Services	560	565	228
Supplies and Materials	18,050	16,493	11,072
Capital Outlay	1,000	944	384
Other Expense	3,300	3,290	0
Total Elementary	<u>\$ 848,614</u>	<u>\$ 846,352</u>	<u>\$ 888,952</u>
<u>Middle School/Junior High</u>			
Salaries	\$ 47,768	\$ 47,767	\$ 41,004
Employee Benefits	27,454	27,087	23,643
Purchased Services	2,899	3,312	1,555
Supplies and Materials	1,940	1,879	3,648
Capital Outlay	1,700	1,698	1,785
Other Expense	2,950	2,947	2,039
Total Middle School/Junior High	<u>\$ 84,711</u>	<u>\$ 84,690</u>	<u>\$ 73,674</u>
<u>High School</u>			
Salaries	\$ 464,181	\$ 463,945	\$ 429,883
Employee Benefits	256,002	251,084	234,092
Purchased Services	16,720	15,536	6,915
Supplies and Materials	17,948	16,448	11,519
Capital Outlay	0	0	497
Other Expense	100	70	506
Total High School	<u>\$ 754,951</u>	<u>\$ 747,083</u>	<u>\$ 683,412</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Preschool</u>			
Salaries	\$ 3,356	\$ 3,354	\$ 320
Employee Benefits	997	855	77
Purchased Services	415	392	0
Supplies and Materials	1,123	1,118	100
Total Preschool	<u>\$ 5,891</u>	<u>\$ 5,719</u>	<u>\$ 497</u>
<u>Summer School</u>			
Salaries	\$ 0	\$ 0	\$ 7,727
Employee Benefits	0	0	1,744
Purchased Services	995	992	3,067
Supplies and Materials	0	0	1,003
Total Summer School	<u>\$ 995</u>	<u>\$ 992</u>	<u>\$ 13,541</u>
<u>Added Needs</u>			
<u>Special Education</u>			
Salaries	\$ 100,230	\$ 100,160	\$ 124,024
Employee Benefits	60,276	59,807	66,452
Purchased Services	75	25	424
Supplies and Materials	2,050	1,895	1,488
Total Special Education	<u>\$ 162,631</u>	<u>\$ 161,887</u>	<u>\$ 192,388</u>
<u>Compensatory Education</u>			
Salaries	\$ 93,783	\$ 93,783	\$ 110,964
Employee Benefits	60,414	60,408	58,701
Supplies and Materials	212	211	358
Total Compensatory Education	<u>\$ 154,409</u>	<u>\$ 154,402</u>	<u>\$ 170,023</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>SUPPORTING SERVICES</u>			
<u>Pupil Support Services</u>			
<u>Guidance Services</u>			
Salaries	\$ 34,728	\$ 34,723	\$ 42,066
Employee Benefits	24,429	23,813	27,527
Supplies and Materials	205	152	0
Total Guidance Services	<u>\$ 59,362</u>	<u>\$ 58,688</u>	<u>\$ 69,593</u>
<u>Social Work Services</u>			
Salaries	\$ 10,160	\$ 10,159	\$ 10,181
Employee Benefits	3,197	2,972	2,495
Purchased Services	70	69	33
Supplies and Materials	100	0	299
Total Social Work Services	<u>\$ 13,527</u>	<u>\$ 13,200</u>	<u>\$ 13,008</u>
<u>Instructional Staff</u>			
<u>Improvement of Instruction</u>			
Purchased Services	<u>\$ 4,685</u>	<u>\$ 4,506</u>	<u>\$ 2,580</u>
<u>Educational Media Services</u>			
Salaries	\$ 13,635	\$ 13,620	\$ 14,017
Employee Benefits	18,645	18,588	17,922
Supplies and Materials	1,766	1,745	2,989
Total Educational Media Services	<u>\$ 34,046</u>	<u>\$ 33,953</u>	<u>\$ 34,928</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Supervision and Direction of Instructional Staff</u>			
Salaries	\$ 6,626	\$ 6,626	\$ 7,579
Employee Benefits	1,805	1,675	1,805
Purchased Services	0	0	395
Total Supervision/Direction	<u>\$ 8,431</u>	<u>\$ 8,301</u>	<u>\$ 9,779</u>
<u>General Administration</u>			
<u>Board of Education</u>			
Salaries	\$ 3,200	\$ 3,080	\$ 3,480
Employee Benefits	306	352	266
Purchased Services	18,150	18,234	24,154
Supplies and Materials	500	134	0
Other Expense	2,500	2,321	2,390
Total Board of Education	<u>\$ 24,656</u>	<u>\$ 24,121</u>	<u>\$ 30,290</u>
<u>Executive Administration</u>			
Salaries	\$ 86,170	\$ 85,170	\$ 78,000
Employee Benefits	36,820	36,186	32,121
Purchased Services	6,050	5,515	4,817
Other Expense	1,650	1,206	1,742
Total Executive Administration	<u>\$ 130,690</u>	<u>\$ 128,077</u>	<u>\$ 116,680</u>
<u>School Administration</u>			
<u>Office of the Principal</u>			
Salaries	\$ 101,789	\$ 100,385	\$ 98,297
Employee Benefits	70,925	70,293	65,855
Purchased Services	910	949	89
Supplies and Materials	1,700	1,627	1,976
Other Expense	600	550	614
Total Office of the Principal	<u>\$ 175,924</u>	<u>\$ 173,804</u>	<u>\$ 166,831</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>Other School Administration</u>			
Other Expense	\$ 2,000	\$ 1,818	\$ 1,118
<u>Business</u>			
<u>Fiscal Services</u>			
Salaries	\$ 42,001	\$ 42,000	\$ 40,133
Employee Benefits	25,219	24,922	22,929
Purchased Services	1,500	1,431	500
Other Expense	925	927	820
Total Fiscal Services	<u>\$ 69,645</u>	<u>\$ 69,280</u>	<u>\$ 64,382</u>
<u>Other Business Services</u>			
Purchased Services	\$ 27,200	\$ 25,004	\$ 30,499
Supplies and Materials	800	771	3,327
Other Expense	12,200	8,151	9,954
Total Other Business Services	<u>\$ 40,200</u>	<u>\$ 33,926</u>	<u>\$ 43,780</u>
<u>Operation and Maintenance</u>			
Salaries	\$ 103,300	\$ 99,029	\$ 100,832
Employee Benefits	73,100	71,419	67,512
Purchased Services	74,190	70,461	73,671
Supplies and Materials	106,950	104,865	101,287
Capital Outlay	2,200	2,096	3,643
Total Operation and Maintenance	<u>\$ 359,740</u>	<u>\$ 347,870</u>	<u>\$ 346,945</u>
<u>Pupil Transportation Services</u>			
Salaries	\$ 81,280	\$ 80,258	\$ 86,244
Employee Benefits	20,546	19,973	18,185
Purchased Services	5,880	7,537	8,317
Supplies and Materials	49,750	45,130	38,837
Total Pupil Transportation Services	<u>\$ 157,456</u>	<u>\$ 152,898</u>	<u>\$ 151,583</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>CENTRAL SERVICES</u>			
<u>Planning, Research and Development</u>			
Salaries	\$ 2,670	\$ 2,670	\$ 0
Employee Benefits	671	672	0
Purchased Services	308	307	0
Total Planning, Research and Development	<u>\$ 3,649</u>	<u>\$ 3,649</u>	<u>\$ 0</u>
<u>Information Management Services</u>			
Salaries	\$ 280	\$ 280	\$ 0
Employee Benefits	70	71	0
Purchased Services	21,497	20,033	16,576
Supplies and Materials	5,000	4,982	2,537
Total Information Management Services	<u>\$ 26,847</u>	<u>\$ 25,366</u>	<u>\$ 19,113</u>
<u>Other Central Services</u>			
Purchased Services	\$ 16,200	\$ 14,984	\$ 15,865
Other Expense	575	0	2,355
Total Other Central Services	<u>\$ 16,775</u>	<u>\$ 14,984</u>	<u>\$ 18,220</u>
<u>COMMUNITY SERVICES</u>			
<u>Community Learning Center</u>			
Purchased Services	<u>\$ 3,855</u>	<u>\$ 3,852</u>	<u>\$ 402</u>
<u>OTHER TRANSACTIONS</u>			
<u>Transfers to Other School Districts</u>			
TBA School to Work	\$ 3,300	\$ 3,300	\$ 0
Dual Enrollment Tuition	6,000	3,040	8,569
Manufacturing Academy Tuition	1,000	0	4,141
Sub-Grantee Disbursements	1,480	2,852	0
Total Transfers to Other Districts	<u>\$ 11,780</u>	<u>\$ 9,192</u>	<u>\$ 12,710</u>

BUCKLEY COMMUNITY SCHOOLS
BUCKLEY, MICHIGAN

GENERAL FUND
ANALYSIS OF EXPENDITURES - BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>DEBT SERVICE</u>			
Interest on Notes and Loans	\$ 22,300	\$ 35,333	\$ 23,826
Principal Retirement			
Computer Lease/Purchase	0	0	9,303
Bus Loans	35,000	37,677	42,974
Total Debt Service	<u>\$ 57,300</u>	<u>\$ 73,010</u>	<u>\$ 76,103</u>
 TOTAL EXPENDITURES	 <u>\$ 3,212,770</u>	 <u>\$ 3,181,620</u>	 <u>\$ 3,200,532</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2006 CAPITAL PROJECTS FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 126,744	\$ 0
Due from Other Funds	7,500	0
Accrued Interest Receivable	94,858	0
Investments	<u>2,317,126</u>	<u>66,426</u>
 TOTAL ASSETS	 <u><u>\$ 2,546,228</u></u>	 <u><u>\$ 66,426</u></u>
 <u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Bond Bid Deposit	\$ 0	\$ 66,400
Accounts Payable	319,690	0
Construction Contract Retainage	<u>47,358</u>	<u>0</u>
 TOTAL LIABILITIES	 \$ 367,048	 \$ 66,400
 <u>FUND BALANCE</u>		
Reserved for Capital Projects	<u>2,179,180</u>	<u>26</u>
 TOTAL LIABILITIES AND FUND BALANCE	 <u><u>\$ 2,546,228</u></u>	 <u><u>\$ 66,426</u></u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2006 CAPITAL PROJECTS FUND

COMPARATIVE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>REVENUES</u>		
Local Sources		
Earnings on Investments and Deposits	\$ 134,829	\$ 26
<u>EXPENDITURES</u>		
Capital Outlay		
Pupil Transportation Services		
School Buses	\$ 129,647	\$ 0
Site Improvements	131,113	0
Building Improvements		
Design	155,562	0
Project Management	46,477	0
Sitework	15,958	0
Gymnasium Floor	7,943	0
K-12 Building	651,649	0
Equipment		
Office	139	0
Food Service	12,250	0
Technology	4,625	0
Other Expenses		
Bond Issuance Costs	39,396	0
Total Expenditures	<u>\$ 1,194,759</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,059,930)</u>	<u>\$ 26</u>
<u>OTHER FINANCING SOURCES (USES)</u>		
Bond Proceeds	\$ 3,320,000	\$ 0
Bond Issuance Discount	(40,957)	0
Transfers Out		
2006 Debt Retirement Fund	(39,959)	0
Total Other Financing Sources (Uses)	<u>\$ 3,239,084</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 2,179,154	\$ 26
<u>FUND BALANCE - Beginning of Year</u>	<u>26</u>	<u>0</u>
<u>FUND BALANCE - End of Year</u>	<u><u>\$ 2,179,180</u></u>	<u><u>\$ 26</u></u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

FOOD SERVICE FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 3,350	\$ 8,317
Due from Other Funds	11,487	8,855
Due from Other Governmental Units	1,193	0
Inventory	2,124	3,094
	<hr/>	<hr/>
TOTAL ASSETS	\$ 18,154	\$ 20,266
	<hr/> <hr/>	<hr/> <hr/>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Accrued Payroll	\$ 2,545	\$ 4,120
Due to Other Funds	367	0
	<hr/>	<hr/>
Total Liabilities	\$ 2,912	\$ 4,120
	<hr/>	<hr/>
<u>FUND BALANCE</u>		
Reserved for Inventory	\$ 2,124	\$ 3,094
Unreserved		
Designated for Food Service	13,118	13,052
	<hr/>	<hr/>
Total Fund Balance	\$ 15,242	\$ 16,146
	<hr/>	<hr/>
TOTAL LIABILITIES AND FUND BALANCE	\$ 18,154	\$ 20,266
	<hr/> <hr/>	<hr/> <hr/>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Earnings on Investments and Deposits	\$ 100	\$ 74	\$ 83
Food Sales to Pupils	25,850	25,683	30,158
Food Sales to Adults	2,590	2,414	2,906
Ala-Carte Sales	4,720	4,672	6,549
Miscellaneous	0	29	0
State Sources			
State Aid			
Food Service	5,465	4,431	5,954
Breakfast Program	0	2,823	3,211
Federal Sources			
Grants-In-Aid Restricted - Federal Aid	65,270	72,501	58,198
U.S.D.A. Non-Bonus Commodities	7,400	6,919	4,349
U.S.D.A. Bonus Commodities	700	178	490
Total Revenues	<u>\$ 112,095</u>	<u>\$ 119,724</u>	<u>\$ 111,898</u>
<u>EXPENDITURES</u>			
Food Service			
Salaries	\$ 43,403	\$ 41,998	\$ 45,809
Employee Benefits	27,844	26,724	17,445
Purchased Services	900	590	255
Supplies and Materials	48,850	50,628	45,246
Other Expense	700	688	679
Total Expenditures	<u>\$ 121,697</u>	<u>\$ 120,628</u>	<u>\$ 109,434</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,602)	\$ (904)	\$ 2,464

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

FOOD SERVICE FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	10,000	0	0
Net Change in Fund Balance	\$ 398	\$ (904)	\$ 2,464
<u>FUND BALANCE</u> - Beginning of Year	16,146	16,146	13,682
<u>FUND BALANCE</u> - End of Year	<u>\$ 16,544</u>	<u>\$ 15,242</u>	<u>\$ 16,146</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

ATHLETIC ACTIVITIES FUND

COMPARATIVE BALANCE SHEET
JUNE 30, 2007

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 3,343	\$ 4,110
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Due to Other Funds	\$ 209	\$ 0
<u>FUND BALANCE</u>		
Unreserved		
Designated for Athletic Activities	<u>3,134</u>	<u>4,110</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 3,343</u>	<u>\$ 4,110</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

ATHLETIC ACTIVITIES FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Admissions	\$ 9,305	\$ 9,312	\$ 10,347
Earnings on Investments and Deposits	70	76	59
Contributions	1,655	1,800	2,754
Total Revenues	\$ 11,030	\$ 11,188	\$ 13,160
<u>EXPENDITURES</u>			
Athletic Activities			
Salaries	\$ 59,855	\$ 58,947	\$ 59,984
Employee Benefits	15,950	15,335	14,618
Purchased Services	13,993	11,909	12,027
Supplies and Materials	5,065	4,735	5,637
Capital Outlay	1,610	1,029	2,057
Other Expense	1,325	1,282	150
Total Expenditures	\$ 97,798	\$ 93,237	\$ 94,473
Excess (Deficiency) of Revenues Over Expenditures	\$ (86,768)	\$ (82,049)	\$ (81,313)
<u>OTHER FINANCING SOURCES (USES)</u>			
Transfers In - General Fund	82,658	81,073	84,930
Net Change in Fund Balance	\$ (4,110)	\$ (976)	\$ 3,617
<u>FUND BALANCE</u> - Beginning of Year	4,110	4,110	493
<u>FUND BALANCE</u> - End of Year	\$ 0	\$ 3,134	\$ 4,110

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2005 DEBT RETIREMENT FUND

COMPARATIVE BALANCE SHEET
JUNE 30,

	<u>2007</u>	<u>2006</u>
<u>ASSETS</u>		
Cash	\$ 89,695	\$ 105,136
Taxes Receivable	198	129
Due from General Fund	<u>35</u>	<u>131</u>
TOTAL ASSETS	<u>\$ 89,928</u>	<u>\$ 105,396</u>
<u>LIABILITIES AND FUND BALANCE</u>		
<u>LIABILITIES</u>		
Deferred Revenue	\$ 198	\$ 129
<u>FUND BALANCE</u>		
Reserved for Debt Service	<u>89,730</u>	<u>105,267</u>
TOTAL LIABILITIES AND FUND BALANCE	<u>\$ 89,928</u>	<u>\$ 105,396</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2005 DEBT RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007
WITH COMPARATIVE ACTUAL AMOUNTS FOR YEAR ENDED JUNE 30, 2006

	<u>2007</u>		<u>2006</u>
	<u>BUDGET</u>	<u>ACTUAL</u>	<u>ACTUAL</u>
<u>REVENUES</u>			
Local Sources			
Property Taxes	\$ 229,820	\$ 229,278	\$ 276,252
Penalties and Interest on Delinquent Taxes	0	0	2
Other Taxes			
Commercial Forest	25	35	25
Earnings on Investments and Deposits	6,100	4,838	7,808
Total Revenues	<u>\$ 235,945</u>	<u>\$ 234,151</u>	<u>\$ 284,087</u>
<u>EXPENDITURES</u>			
Debt Service			
Redemption of Bond Principal	\$ 180,000	\$ 175,000	\$ 180,000
Redemption of School Bond Loan Fund Principal	0	0	159,337
Interest on Debt	75,000	74,688	104,085
Dues and Fees	0	0	400
Total Expenditures	<u>\$ 255,000</u>	<u>\$ 249,688</u>	<u>\$ 443,822</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,055)	\$ (15,537)	\$ (159,735)
<u>FUND BALANCE</u> - Beginning of Year	<u>105,267</u>	<u>105,267</u>	<u>265,002</u>
<u>FUND BALANCE</u> - End of Year	<u>\$ 86,212</u>	<u>\$ 89,730</u>	<u>\$ 105,267</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2006 DEBT RETIREMENT FUND

BALANCE SHEET
JUNE 30, 2007

ASSETS

Cash	\$ 71,960
Taxes Receivable	122
Due from General Fund	<u>13</u>
 TOTAL ASSETS	 <u><u>\$ 72,095</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Deferred Revenue	\$ 122
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FUND BALANCE

Reserved for Debt Service	<u>71,973</u>
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TOTAL LIABILITIES AND FUND BALANCE	<u><u>\$ 72,095</u></u>
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BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2006 DEBT RETIREMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL

YEAR ENDED JUNE 30, 2007

	<u>BUDGET</u>	<u>ACTUAL</u>
<u>REVENUES</u>		
Local Sources		
Property Taxes	\$ 141,308	\$ 141,320
Earnings on Investments and Deposits	900	1,489
	<u> </u>	<u> </u>
Total Revenues	<u>\$ 142,208</u>	<u>\$ 142,809</u>
 <u>EXPENDITURES</u>		
Debt Service		
Interest on Debt	\$ 110,900	\$ 110,474
Dues and Fees	500	321
	<u> </u>	<u> </u>
Total Expenditures	<u>\$ 111,400</u>	<u>\$ 110,795</u>
 Excess (Deficiency) of Revenues Over Expenditures	\$ 30,808	\$ 32,014
 <u>OTHER FINANCING SOURCES (USES)</u>		
Transfers In - 2006 Capital Projects Fund	39,959	39,959
	<u> </u>	<u> </u>
Net Change In Fund Balance	\$ 70,767	\$ 71,973
 <u>FUND BALANCE</u> - Beginning of Year	<u>0</u>	<u>0</u>
 <u>FUND BALANCE</u> - End of Year	<u>\$ 70,767</u>	<u>\$ 71,973</u>

BUCKLEY COMMUNITY SCHOOL

BUCKLEY, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE

YEAR ENDED JUNE 30, 2007

	BALANCE	RECEIPTS	DISBURSEMENTS	BALANCE
	7/01/05	(INCLUDING TRANSFERS)		6/30/06
Academic	\$ 168	\$ 4,378	\$ 2,703	\$ 1,843
Athletic Association	921	294	711	504
Band Boosters	394	0	0	394
Band Resale	218	0	0	218
Baseball-Boys	73	513	513	73
Basketball-Boys JV	6	0	0	6
Beverage Activity Account	256	3,842	2,794	1,304
Basketball Elementary	0	250	0	250
Basketball-Girls JV	183	0	0	183
Basketball Camp-Boys	11	9,776	8,751	1,036
Basketball Camp-Girls	116	1,265	751	630
Basketball Camp-JH Boys	8	0	0	8
Basketball Camp-JH Girls	621	0	73	548
Buckley Alumni Association	251	1,930	1,464	717
Buckley Alumni Scholarship	709	180	250	639
Cheerleaders	270	55	0	325
Cheerleaders-JH 7th	123	0	0	123
Class of 1978	284	0	0	284
Class of 1982	83	0	0	83
Class of 1988	537	10	0	547
Class of 1989	39	0	0	39
Class of 1991	199	0	0	199
Class of 1992	286	0	0	286
Class of 1995	60	0	0	60
Class of 1996	528	0	0	528
Class of 2001	473	0	0	473
Class of 2004	6	0	0	6
Class of 2006	823	0	823	0
Class of 2007	11,093	5,880	16,957	16
Class of 2008	12,411	11,517	3,773	20,155
Class of 2009	11,601	9,275	4,043	16,833
Class of 2010	2,344	3,477	2,055	3,766
Class of 2011	2,273	1,487	1,064	2,696

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2007

	BALANCE 7/01/05	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/06
Class of 2011-B	0	37	0	37
Class of 2012	825	196	100	921
Class of 2013	756	767	870	653
Class of 2013-B	1,063	316	1,142	237
Class of 2014	0	2,288	1,665	623
Class of 2014/2015	896	0	896	0
Class of 2014/2015-B	1,084	0	1,084	0
Class of 2014/2015-C	578	0	578	0
Class of 2015	0	1,628	1,224	404
Class of 2015-B	0	1,316	863	453
Class of 2016	164	1,275	799	640
Class of 2016/2017	957	0	957	0
Class of 2017	949	401	1,071	279
Class of 2017-B	0	996	757	239
Class of 2018	747	195	682	260
Class of 2018-B	0	951	0	951
Class of 2019	0	145	104	41
Community Involvement	352	0	278	74
Cross Country	544	229	369	404
Dance Team	73	0	0	73
Drama	1,398	500	1,373	525
Elementary Fundraiser	0	8,266	8,226	40
Environmental Science	456	200	0	656
Girls Softball	458	2,365	2,407	416
Hardship	93	0	31	62
Holland Donation	1,040	0	0	1,040
K Duff Athletic Scholar Memorial	6,271	0	0	6,271
L. Beeman Memorial	260	0	0	260
Library	79	1,138	327	890
National Honor Society	471	235	26	680
Physics and Science	163	0	0	163
Publications Class	793	5,568	4,624	1,737
Scholarship	61	0	0	61
Ski Club II	326	100	0	426

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

AGENCY FUND

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND BALANCE
YEAR ENDED JUNE 30, 2007

	BALANCE 7/01/05	RECEIPTS (INCLUDING TRANSFERS)	DISBURSEMENTS	BALANCE 6/30/06
Soccer	129	1,545	1,479	195
Spanish Class	94	100	190	4
Student Council	1,206	2,660	3,359	507
Teacher Scholarship	725	0	500	225
Track	134	0	0	134
Track Equipment	5,000	0	0	5,000
Tyson Donations	0	8,000	6,719	1,281
Video Yearbook	82	0	0	82
Volleyball	150	870	1,020	0
Interest Income	0	1,277	48	1,229
	<u>\$ 75,745</u>	<u>\$ 97,693</u>	<u>\$ 90,493</u>	<u>\$ 82,945</u>
Represented by				
Assets				
Cash	\$ 69,616			\$ 76,640
Certificate of Deposit	5,879			6,055
Investments	250			250
Total Assets	<u>\$ 75,745</u>			<u>\$ 82,945</u>
Liabilities				
Due to Groups and Organizations	<u>\$ 75,745</u>			<u>\$ 82,945</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

SCHEDULE OF 2006 TAX ROLL
YEAR ENDED JUNE 30, 2007

	TAXABLE VALUATION	TAXES ASSESSED	TAXES COLLECTED	TAXES RETURNED DELINQUENT
<u>GENERAL FUND (18.00 MILLS)</u>				
<u>GRAND TRAVERSE COUNTY</u>				
Grant Township	\$ 8,400,490	\$ 151,209	\$ 132,780	\$ 18,429
Green Lake Township	13,670	246	246	0
Mayfield Township	4,415,491	79,478	67,420	12,058
<u>WEXFORD COUNTY</u>				
Hanover Township	11,031,836	198,430	149,240	49,190
Wexford Township	3,214,926	58,084	45,533	12,551
	<u>\$ 27,076,413</u>	<u>\$ 487,447</u>	<u>\$ 395,219</u>	<u>\$ 92,228</u>
<u>1995 DEBT RETIREMENT FUND (3.00 MILLS)</u>				
<u>GRAND TRAVERSE COUNTY</u>				
Grant Township	\$ 23,683,690	\$ 71,049	\$ 63,067	\$ 7,982
Green Lake Township	103,310	310	310	0
Mayfield Township	13,994,529	42,280	37,369	4,911
<u>WEXFORD COUNTY</u>				
Hanover Township	28,906,706	86,694	68,797	17,897
Wexford Township	9,693,993	29,037	24,933	4,104
	<u>\$ 76,382,228</u>	<u>\$ 229,370</u>	<u>\$ 194,476</u>	<u>\$ 34,894</u>
<u>2006 DEBT RETIREMENT FUND (1.85 MILLS)</u>				
<u>GRAND TRAVERSE COUNTY</u>				
Grant Township	\$ 23,683,690	\$ 43,814	\$ 38,891	\$ 4,923
Green Lake Township	103,310	191	191	0
Mayfield Township	13,994,529	26,072	23,044	3,028
<u>WEXFORD COUNTY</u>				
Hanover Township	28,906,706	53,461	42,425	11,036
Wexford Township	9,693,993	17,906	15,375	2,531
	<u>\$ 76,382,228</u>	<u>\$ 141,444</u>	<u>\$ 119,926</u>	<u>\$ 21,518</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2005 REFUNDING BONDS
JUNE 30, 2007

AMOUNT OF ISSUE \$ 2,300,000

AMOUNT REDEEMED

Current Year	\$ 175,000	
Prior Years	180,000	355,000

BALANCE OUTSTANDING - June 30, 2007 \$ 1,945,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2007			\$ 34,719	\$ 34,719
May 1, 2008	3.000%	\$ 175,000	34,719	209,719
November 1, 2008			32,094	32,094
May 1, 2009	3.000%	170,000	32,094	202,094
November 1, 2009			29,544	29,544
May 1, 2010	3.000%	110,000	29,544	139,544
November 1, 2010			27,894	27,894
May 1, 2011	3.000%	100,000	27,894	127,894
November 1, 2011			26,394	26,394
May 1, 2012	3.000%	95,000	26,394	121,394
November 1, 2012			24,969	24,969
May 1, 2013	3.250%	95,000	24,969	119,969
November 1, 2013			23,425	23,425
May 1, 2014	3.250%	100,000	23,425	123,425
November 1, 2014			21,800	21,800
May 1, 2015	3.500%	100,000	21,800	121,800
November 1, 2015			20,050	20,050
May 1, 2016	3.650%	100,000	20,050	120,050
November 1, 2016			18,225	18,225

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2005 REFUNDING BONDS
JUNE 30, 2007

<u>DUE DATES</u>	<u>INTEREST</u>	<u>REQUIREMENTS</u>		
	<u>RATES</u>	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2017	3.650%	\$ 100,000	\$ 18,225	\$ 118,225
November 1, 2017			16,400	16,400
May 1, 2018	4.000%	100,000	16,400	116,400
November 1, 2018			14,400	14,400
May 1, 2019	4.000%	100,000	14,400	114,400
November 1, 2019			12,400	12,400
May 1, 2020	4.000%	100,000	12,400	112,400
November 1, 2020			10,400	10,400
May 1, 2021	4.000%	100,000	10,400	110,400
November 1, 2021			8,400	8,400
May 1, 2022	4.200%	100,000	8,400	108,400
November 1, 2022			6,300	6,300
May 1, 2023	4.200%	100,000	6,300	106,300
November 1, 2023			4,200	4,200
May 1, 2024	4.200%	100,000	4,200	104,200
November 1, 2024			2,100	2,100
May 1, 2025	4.200%	100,000	2,100	102,100
		<u>\$ 1,945,000</u>	<u>\$ 667,428</u>	<u>\$ 2,612,428</u>

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

1998 DURANT BONDS
JUNE 30, 2007

<u>AMOUNT OF ISSUE</u>	\$	42,878
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AMOUNT REDEEMED

Current Year	\$	0	
Prior Years		15,485	15,485

<u>BALANCE OUTSTANDING</u> - June 30, 2007	\$	27,393

<u>DUE DATES</u>	INTEREST	REQUIREMENTS		
	RATES	PRINCIPAL	INTEREST	TOTAL
May 15, 2008	4.761353%	\$ 0	\$ 0	\$ 0
May 15, 2009	4.761353%	16,657	3,574	20,231
May 15, 2010	4.761353%	2,500	511	3,011
May 15, 2011	4.761353%	2,619	392	3,011
May 15, 2012	4.761353%	2,743	268	3,011
May 15, 2013	4.761353%	2,874	137	3,011
		\$ 27,393	\$ 4,882	\$ 32,275

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2006 SCHOOL BUILDING AND SITE BONDS
JUNE 30, 2007

AMOUNT OF ISSUE \$ 3,320,000

AMOUNT REDEEMED

Current Year	\$	0	
Prior Years		0	0

BALANCE OUTSTANDING - June 30, 2007 \$ 3,320,000

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
November 1, 2007			\$ 70,515	\$ 70,515
May 1, 2008	4.125%	\$ 30,000	70,515	100,515
November 1, 2008			69,896	69,896
May 1, 2009	4.125%	45,000	69,896	114,896
November 1, 2009			68,968	68,968
May 1, 2010	4.125%	135,000	68,968	203,968
November 1, 2010			66,184	66,184
May 1, 2011	4.125%	165,000	66,184	231,184
November 1, 2011			62,781	62,781
May 1, 2012	4.125%	180,000	62,781	242,781
November 1, 2012			59,068	59,068
May 1, 2013	4.125%	190,000	59,068	249,068
November 1, 2013			55,149	55,149
May 1, 2014	4.125%	195,000	55,149	250,149
November 1, 2014			51,127	51,127
May 1, 2015	4.200%	195,000	51,127	246,127
November 1, 2015			47,033	47,033
May 1, 2016	4.200%	195,000	47,033	242,033
November 1, 2016			42,937	42,937
May 1, 2017	4.250%	195,000	42,937	237,937
November 1, 2017			38,794	38,794

BUCKLEY COMMUNITY SCHOOL
BUCKLEY, MICHIGAN

2006 SCHOOL BUILDING AND SITE BONDS
JUNE 30, 2007

<u>DUE DATES</u>	<u>INTEREST RATES</u>	<u>REQUIREMENTS</u>		
		<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
May 1, 2018	4.250%	\$ 195,000	\$ 38,794	\$ 233,794
November 1, 2018			34,650	34,650
May 1, 2019	4.250%	200,000	34,650	234,650
November 1, 2019			30,400	30,400
May 1, 2020	4.250%	200,000	30,400	230,400
November 1, 2020			26,150	26,150
May 1, 2021	4.300%	200,000	26,150	226,150
November 1, 2021			21,850	21,850
May 1, 2022	4.300%	200,000	21,850	221,850
November 1, 2022			17,550	17,550
May 1, 2023	4.375%	200,000	17,550	217,550
November 1, 2023			13,175	13,175
May 1, 2024	4.375%	200,000	13,175	213,175
November 1, 2024			8,800	8,800
May 1, 2025	4.400%	200,000	8,800	208,800
November 1, 2025			4,400	4,400
May 1, 2026	4.400%	200,000	4,400	204,400
		<u>\$ 3,320,000</u>	<u>\$ 1,578,854</u>	<u>\$ 4,898,854</u>

Baird, Cotter and Bishop, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

134 WEST HARRIS STREET CADILLAC, MICHIGAN 49601
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July 11, 2007

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of Education
Buckley Community Schools
Buckley, Michigan

We have audited the basic financial statements of Buckley Community Schools as of and for the year ended June 30, 2007, and have issued our report thereon dated July 11, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit, we considered Buckley Community Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Buckley Community Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control. We consider the following deficiencies to be significant deficiencies in internal control over financial reporting.

The relatively small number of people involved in the accounting functions of the District make it difficult to adequately segregate duties. Segregation of accounting duties is a fundamental method of strengthening internal control. However, in deciding what internal control procedures should be implemented, the Board must consider the costs of implementing them and weigh those costs against the benefits to be derived from their implementation. We realize that it is not financially practical for the Board to establish a larger accounting staff in order to implement proper segregation of duties. The District does not have any members of its administration that are capable of preparing the entity wide financial statements. All Michigan governments are required to prepare financial statements in accordance with generally accepted accounting principals (GAAP). This is a responsibility of the District's management. The preparation of financial statements in accordance with GAAP requires internal controls over both (1) recording, processing, and summarizing accounting data (i.e., maintaining internal books and records), and (2) reporting government-wide and fund financial statements, including the related footnotes (i.e., external financial reporting). As is the case with most small and medium-sized entities, the District has historically relied on its independent external auditors to assist in the preparation of the government-wide financial statements and footnotes as part of its external financial reporting process. Accordingly, the District's ability to prepare financial statements in accordance with GAAP is based, in part, on its reliance on its *external* auditors, who cannot, by definition, be considered a part of the government's *internal* controls. This condition was caused by the District's determination that it is more cost effective to outsource the preparation of its annual financial statements to the auditors than to incur the time and expense of obtaining the necessary training and expertise required for the District to perform this task internally.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that the significant deficiency described above related to the small accounting staff is a material weakness.

COMPLIANCE AND OTHER MATTERS

As part of obtaining reasonable assurance about whether Buckley Community School, Buckley, Michigan's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Education and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

BAIRD, COTTER AND BISHOP, P.C.

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July 11, 2007

To the Board of Education
Buckley Community School
Buckley, Michigan

Dear Board Members:

During our examination of the financial statements and records of the Buckley Community School for the year ended June 30, 2007, we noted the following items which we believe should be considered for adoption into the management and accounting procedures of the School District:

Condition of Accounting Records

We found the District's accounting records to be in very good condition again this year

Budget Posting to the District's Website

Since October 1, 2006, the State School Aid Act requires local districts to post their annual operating budget and subsequent amendments on their website. We were unable to find the 2006-2007 budget on the District's website. We recommend that budgets posted on the website be clearly identified as to whether they are original or amended and the date they were adopted.

Single Audit

The threshold for requiring a Single Audit of federal award programs is \$500,000. Therefore it was not necessary to perform a Single Audit this year.

Agency Fund Accounts

At the end of the year, the Agency Fund has accounts for over seventy-five classes and organizations on its books. Of those accounts, twenty-four had no activity during the year. We recommend that the board adopt a policy for review and disposition of inactive accounts in the Agency Fund.

We wish to thank the Board for this opportunity to be of continuing service. We would also like to thank the administration and staff for their cooperative spirit and assistance in helping us complete this engagement. If we can be of further assistance, please do not hesitate to call on us.

Very truly yours,

BAIRD, COTTER AND BISHOP, P.C.

Baird, Cotter & Bishop, P.C.